

# Annual Report **2023**





## **SUPERVISORY BODY MEMBERS**

Mr. Guilherme Muller Leal, President (*since April 2024*)

Mr. Moacir Nachbar, Vice President (*since April 2024*)

Mr. Roberto Medeiros Paula, Member

Mr. José Augusto Ramalho, Member

Mr. Sheico Alexandre Pimenta, Member

Mrs. Renata Geiser Mantarro, Member (*until November 2023*)

## **MANAGEMENT**

Humberto Faria De Lembi Carvalho, General Manager

Alexandre Gartner, Senior Manager

## **EXTERNAL AUDITOR**

KPMG Luxembourg, *Société Anonyme*

## CORPORATE GOVERNANCE FRAMEWORK

BANCO BRADESCO EUROPA S.A. MEETINGS 2023	
Annual General Meeting	1 (one) meeting held in 2023
Supervisory Body Meeting	5 (five) meetings held in 2023
Specialized Committees	2 (two) meetings held in 2023
Other Committees	20 (twenty) meetings held in 2023
Commissions	96 (ninety-six) meetings held in 2023

## REPORT BOARD OF DIRECTORS BANCO BRADESCO EUROPA S.A

We submit to the approval of our shareholders the financial statements ended on December 31, 2023, which present a net profit of USD 18,247,988.00

These statements have been examined by our external auditor, KPMG Luxembourg, Société Anonyme, whose report is attached.

The available profit is USD 18,247,988.00 for which we propose the following:

Free Reserves	USD 18,247,988.00
<b>Total</b>	<b>USD 18,247,988.00</b>

We propose to transfer the balance of the account below to the Free Reserve:

Fiscal Reserve related to the year 2019	USD 12,720,000.00
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We propose to transfer the balance of the account to the Fiscal Reserves account as follows:

Fiscal Reserve calculated on 1st January 2024	USD 9,000,000.00
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Osasco, São Paulo, 27th March 2024

The Board of Directors of Banco Bradesco Europa S.A.

## MANAGEMENT REPORT

Banco Bradesco Europa S.A., (“BBE”) presents to its stakeholders its annual accounts for the year ended on December 31, 2023.

### ECONOMIC OUTLOOK

The global economy slowed down in 2023, driven by tighter monetary conditions in most regions. The disinflation process, however, has been uneven between countries. On the one hand, industrial goods exhibit more intense inflation decompression. On the other hand, service prices are more resilient, a result of economic activity and the labor market still resilient in most of these countries.

In the United States, persistent inflation and very tight labor market conditions led the Federal Reserve to continue the monetary policy tightening, bringing the lower limit of the Federal Funds Target Range from 4.25% at the beginning of the year to 5.25% by the end of 2023. Although inflation is receding, job market conditions remain tight, the economic activity and consumption has shown signs of resilience and inflation remains above the target pursued by policymakers.

Europe, meanwhile, faced a combination of slower growth and more intense disinflation. During 2022, the shock on energy prices caused by the war in Ukraine boosted

inflation. This shock has been overcome and inflation started to converge in 2023. The European Central Bank raised its main refinancing policy rate from 2.5% at the beginning of the year to 4.5% by year-end.

Chinese GDP growth accelerated from 3.0% in 2022 to 5.2% in 2023. This performance was attributed mainly to the end of the official zero-Covid policy and the stimulus measures implemented by the federal government. Although, compared to the pace of the past decade, there has been a significant deceleration in China’s economic growth and challenges remain for the coming years, with structural bottlenecks, unfavorable population dynamics, indebtedness of local governments and difficulties in transitioning to a consumption-oriented economy.

In Brazil, the Central Bank of Brazil (“BCB”) was among the first major central banks to start raising interest rates in order to contain inflation in the post-pandemic period. This also allowed it to be the first to complete the tightening cycle, with the Selic (Special System for Settlement and Custody) policy rate ending 2022 at 13.75%. In 2023, Brazil was also one of the first emerging countries to reduce interest rates, motivated by disinflation. Inflation indeed continued to recede, with IPCA (“Extended National

Consumer Price Index”) coming down to 3.6% in 2023, from 5.8% in 2022 and 10% in 2021. The Selic policy rate ended the year at 11.75%, with the Central Bank expected to continue the monetary easing throughout 2024.

Brazilian GDP growth surprised to the upside in 2023, reaching 2.9%, driven by a record grain harvest, which is not expected to be repeated, at least not to the same intensity, in 2024. However, the resilience of the domestic labor market should continue to support real income gains, which, in addition to the continued reduction of the basic interest rate by the BCB, should guarantee economic growth close to 2% this year.

Local market attention maintained focused on the risks and uncertainties related to fiscal policy. Investors will target on the evolution of the new fiscal framework approved in 2023, and on whether it is consistent with reducing or at least stabilizing the public debt to GDP ratio in the medium and long-term. After peaking at 87.7% of GDP on the back of pandemic-related public spending in late 2020, gross public debt has been on a gradual downward trajectory, reaching 74.3% in December 2023. This is still considered relatively high compared to other emerging economies, and implementing a rule that signals further decreases in debt to GDP over time is important to anchor medium-term expectations.

Brazilian legislators also approved a constitutional change in 2023 that established the consumption tax reform. Its entry into force still depends on the approval of complementary laws, which should occur in 2024. The transition to the new model will take up to 10 years, but its effects on simplifying the tax system will already begin to be felt in the short term and should contribute to increase the potential growth of the Brazilian economy.

Brazil’s external position has strengthened greatly in recent years, especially in 2023, due to recurring record grain harvests and a substantial increase in oil production. The country’s current account deficit stands at about 1.3% of GDP, largely financed by foreign investment. USD 355 billion in international reserves cover all public sector foreign debt (USD 79 billion) and private foreign debt (USD 260 billion). The relationship between Brazil and the European Union (“EU”) remains very strong. European investments in Brazil reached USD 15.5 billion in 2023, accounting for approximately 38% of all foreign direct investment in the country. Trade flows between both sides reached USD 91.7 billion in December 2023, with the EU serving as the destination for 13.6% of Brazilian exports and the source for 18.9% of the country’s imports.



## BBE'S 2023 FINANCIAL RESULTS

In 2023, BBE's total assets decreased, but the interest margin increased reflecting the change in the strategy on the first half of the year and the increase of the interest rates on the market.

Total assets decreased by 35% on a year-over-year basis, moving from around USD 2.2 billion to USD 1.4 billion. The total assets are lower than its level of prior years. Lending activities to credit institutions dropped by approximately 29% and advances to customers decreased by approximately 38% when compared to the previous year. The variation reflects the decrease of the lending activity, where in order to meet the regulatory limits following the USD 232 million dividend payment approved in April 2023, the Bank had to diminish its loan portfolios. Decreases have been observed on the balances with credit institutions of 29%, due to a decrease of the cash available, and on the loans and advances to customers which dropped by 38% (by USD 678 million).

Amounts owed to credit institutions dropped by 55% moving from USD 1.1 billion to USD 0.5 billion. Funding from credit institutions, other than Banco Bradesco Group, fell by 100%, from USD 10 million in 2022 to nil in 2023. Funding coming from affiliated undertakings decreased to USD 490 million (2022: USD 1.1 billion).

Amounts owed to customers remained stable, moving from USD 557 million to USD 577 million at year end 2023.

Total off-balance sheet items comprising fiduciary and agency functions, assets held in custody for customers, commitments, contingent liabilities and non-trading derivative instruments showed a slight decrease of 13%, moving from USD 1.79 billion to USD 1.56 billion at year end 2023. This decrease is due to the transfer of some commitments to affiliated undertakings following the dividend distribution to meet regulatory limits.

Assets held in custody are showing a slight rise of 19%, from USD 1.03 billion at year-end 2022 to USD 1.22 billion at year end 2023.

The ROE increased to 5.42%, which is showing an improvement compared to last year's ROE of 4.13%. The Bank increased significantly its margin during the first half year 2023, but following the dividend payment the interest margin declined. However, the ROE's increase was triggered by the raising interest rates on the market.

The reported profit for the year is USD 18.2 million which is less than the one reported in previous year which was USD 22.5 million. The first half of the year 2023 was promising a better result, but following the decrease of the lending activity and the credit loss registered in relation to a non-performing corporate



loan, the result for the year was not as high as expected. The Bank invested in working capital loans, which were more profitable than regular corporate lending activity. The interest margin was also positively impacted by the general increase of the interest rates due to macro-economic factors.

The net banking income increased to USD 56 million, which is linked to the increase of the interest margin and the interest on the market.

The net interest margin increased by 44% from USD 31 million to USD 45 million and the net commission margin declined by 14% from USD 12.6 million to USD 10.9 million. Corporate Banking and Trade Finance contributed to 78% of the profit and Private Banking to 12%.

The general expenses have increased by 12%, mainly due to the increase of staff costs. The staff costs increased by 8% from USD 10.3 million to USD 11.1 million. Overall BBE's cost-to-income ratio for 2023 decreased to 37.5% compared to 42.8% in 2022.

During the year 2023, the Bank kept its strategy to invest in its Private Banking activity with the advisory services available for its clients.

### **BBE'S LONDON BRANCH**

The Branch is still in the process of deregistration from HM Revenue and Customs and from the Company House in the UK.

### **FONDS DE GARANTIE DES DÉPÔTS, LUXEMBOURG**

BBE is a member of the non-profit association "Fonds de Garantie des Dépôts, Luxembourg" ("FGDL"), whose sole object is the establishment of a mutual guarantee scheme covering deposits made by customers of member credit institutions ("the Guarantee").

The law related to the resolution, reorganization and winding-up measures of credit institutions and certain investment firms and on deposit guarantee and investor compensation schemes ("the Law"), transposing into Luxembourgish law the directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms and the directive 2014/49/EU related to deposit guarantee and investor compensation schemes, was passed on 18 December 2015.

This law replaced the "Association pour la Garantie des Dépôts Luxembourg" ("AGDL") with the "Fonds de Garantie des Dépôts, Luxembourg" ("FGDL"). The main purpose of the FGDL is, in case of failure of a member institution, to ensure compensation of depositors within 20 working days (7 working days as from 1 June 2016), up to a maximum of EUR 100,000 (unless otherwise provided, see below), subject to certain conditions and limits. This guarantee is understood to mean per person (natural persons as well as legal persons) and per institution.

The Luxembourg investor compensation scheme (“SIIL”) covers investors, physical persons and legal entities within the limits and according to the terms and conditions provided for by the law of 18 December 2015 relating to the resolution, recovery and liquidation measures of credit institutions and some investment firms, including deposit guarantee and investor compensation schemes.

The provisions which have been created in the past by credit institutions for the purpose of AGDL in their annual accounts will be used according to the contributions of the banks to the new Luxembourg banking resolution fund (“Fonds de résolution Luxembourg (“FRL”)), respectively to the Luxembourg deposit guarantee fund (“Fonds de Garantie des Dépôts Luxembourg (“FDGL”)).

The funded amount of the “Fonds de résolution Luxembourg” (“FRL”) shall reach by the end of 2024 at least 1% of covered deposits, as defined in article 1 number 36 of the Law, of all authorized credit institutions in all participating Member States. This amount will be collected from the credit institutions through annual contributions during the years 2015 to 2024.

The target level of funding of the “Fonds de Garantie des Dépôts Luxembourg” (“FGDL”) is set at 0.8% of covered deposits, as defined in

article 163 number 8 of the Law, of the relevant credit institutions and was to be reached by the end of 2018 through annual contributions. The contributions were to be made in the form of annual payments during the years 2016 to 2018. In accordance with Article 180(1) of the aforementioned law, the FGDL will continue to collect contributions during the period 2019 to 2026 in order to provide the FGDL with a buffer of additional financial means representing another extra 0.8% of the covered deposits.

## **RISK MANAGEMENT**

Risk Management involves a series of controls and processes covering different areas. BBE’s Senior Management is directly responsible for the enforcement of the policies in respect of all activities and for the quality of the organizational standards. The Bank is constantly committed to enhance its risk management related activities in the pursuit of incorporating the recommendations of the banking supervisory authorities and best international practices. As a matter of principle, BBE adopts a conservative policy in terms of exposure to risk. The following areas of risk are monitored and analyzed accordingly.

## CREDIT RISK

The lending activities are carried out according to the Credit risk policy approved by the Board of Directors, latest updated version from 22 November 2023.

Effective credit risk assessment is performed in a systematic way and in accordance with established policies and procedures. In order to be able to prudently value loans and to determine appropriate expected credit losses, it is particularly important that banks have a system in place to reliably classify loans on the basis of credit risk. Loans are therefore classified on the basis of a credit risk grading system.

An important tool in monitoring the quality of individual credits, as well as the total portfolio, is the use of a credit risk grading system. A well-structured credit risk grading system is a good tool to differentiate the degree of credit risk in the different credit exposures of a bank. This allows a more accurate determination of the overall characteristics of the credit portfolio, concentrations, problem credits, and the adequacy of loan loss reserves.

In order to facilitate early identification of changes in risk profiles, the Bank's credit risk grading system is responsive to indicators of potential or actual deterioration in credit risk. Credits with deteriorating ratings are subject to additional oversight and monitoring.

The credit scoring system supports the establishment of parameters for granting credit, managing risk and defining credit policies adequate to the customer's specific characteristics and size. Also, it provides a basis for the adequate pricing of operations and for establishing the appropriate level of guarantees for each situation. Customer risk ratings are established on a corporate basis and are permanently reviewed to monitor the quality of the credit portfolio.

The ratings are segmented according to the following table:

CLASSIFICATION AS REQUIRED BY THE BRAZILIAN CENTRAL BANK (RESOLUÇÃO N°2682)	INTERNAL RATING CLASSIFICATION	DESCRIPTION
AA	AA1 AA2 AA3 AA4	Excellent
A	A1 A2 A3 A4	Great
B	B1 B2 B3 B4	Good
C	C1 C2 C3	Acceptable
C	C4	Declining
D	D1 D2 D3	Declining
E/F/G/H		Deficient

Following its governance, any decision from Banco Bradesco S.A. concerning a credit, for which Banco Bradesco Europa S.A. is implicated, must be approved by the Credit Department, Authorized Management and in some specific case the Credit Commission of Banco Bradesco Europa S.A. Different credit approval thresholds have been created by the Credit Department and set up depending on the amount of the loan, its maturity and the rating of the client.

## LIQUIDITY RISK

Liquidity risk management is designed to control the different mismatched liquidation terms between rights and obligations, as well as the liquidity of the assets. The liquidity ratio is monitored on a daily basis to ensure the compliance with the requirement of the banking supervisory authority. In addition, the Treasury department produces on a daily basis the cash flow position for the next 10 business days. The control of the maturity ladder of receivables and payables in each currency is controlled through reports generated by the accounting system. The Bank reports the NSFR ("Net Stable Funding Ratio") on a quarterly basis to the CSSF. In addition, the Bank performs a close monitoring of the NSFR by calculating an estimated NSFR on a bi-monthly and on an ad-hoc basis if needed. BBE has designed an internal monitoring tool in order to effectively assess its liquidity needs on both short and medium terms, under both normal and stressed conditions. The Liquidity risk management framework is described and formalized in the Liquidity risk policy approved by the Board of Directors, latest updated version from 14 December 2023.

## FOREIGN EXCHANGE RISK

The foreign exchange operations are predominantly customer-driven. BBE buys and sells currencies to assist its customers, to fulfill its obligations in currencies other than the US Dollar and to hedge against foreign exchange fluctuations that can jeopardize its results. Management monitors the foreign currency position on a daily basis using system-generated reports that show the exposure in each of the currencies, and makes sure that adjustments are made on a timely basis.

## INTEREST RATE RISK IN THE BANKING BOOK ('IRRBB')

Interest rate risk is related to the potential loss of income resulting from the effect of interest rate fluctuations. This risk, Economic Value of Equity ("EVE") or Earning at Risk ("EaR"), is monitored on a monthly basis and is relatively low due to the fact that most of the floating rate exposures on the asset side of the balance sheet are funded by floating rate liabilities. The residual interest rate risk is not hedged, but is not sufficiently high to endanger the profitability, even in the case of important shifts in the interest rate curves. The IRRBB framework is described and formalized in the IRRBB policy approved by the Board of Directors, latest updated version from 14 December 2023.

## OPERATIONAL RISK

These risks are inherent to activities that give support for the operations and can impact BBE's ability to provide quality services on a continuous basis. They are commonly associated with human and/or technological failure.

These risks are mitigated by the close involvement of the middle and senior management in the daily activities. Segregation of duties and the application of the four-eye principle are enforced at all levels in order to ensure compliance with supervisory regulations and internal policies. The internal policies and procedures are enhanced on a regular basis in order to improve controls and management information systems. Also, BBE's business contingency plan is tested annually. The Operational risk management framework is described and formalized in the Operational risk policy approved by the Board of Directors, latest updated version from 14 December 2023.

## MARKET RISK

Market risk can be defined as the risk of losses due to adverse movements of market variables, such as commodity or equity prices, interest rates or foreign exchange rates affecting on- or off-balance sheet positions.

Apart from the exposure to interest rate risk in the banking book and foreign exchange risk, which are described in the respective separate paragraphs above, the Bank is not exposed to market risk taking into account that the Bank has no trading book. Additionally, as stated in the Bank's Risk Appetite Statement, trading activities are not allowed and the use of derivatives is prohibited except for hedging purpose.

## SETTLEMENT RISK

Defined as the risk that the counterparties do not fulfill their obligations at the occasion of the settlement of transactions related to the purchase or sale of securities. The BBE deals with counterparties of recognized reputation and financial standing, duly approved by the shareholder's credit committee, therefore reducing settlement risks. In addition, transactions involving third party institutions are always confirmed in writing and settled through an accredited clearing system. For the purchase, sale or transfer of securities, BBE uses secured e-banking access platforms provided by their main custodians.

In the absence of a secured e-banking access platform, an authenticated SWIFT message is mandatory for transactions with all other third-party institutions.

## PROFITABILITY RISK

BBE maintains sufficient control over its margins and costs in order to ensure continued profitability. Management is directly involved in the monitoring of the profit. The maturity schedules of assets and liabilities are also followed up closely to anticipate the need to reinvest the excess of liquidity or cover temporary gaps without jeopardizing the result.

## COMPLIANCE RISK

Compliance risk is defined as the risk of impairment of the Bank's integrity leading to loss, damage, or disadvantage to which the Bank might be exposed through a failure to conduct its business in accordance with applicable laws, rules, and standards. It might comprise a variety of components such as reputation risk, legal risk, litigation risk and risk of regulatory sanctions. Reputation damage can be more costly than direct financial loss due to the potential loss of existing clients and the negative impact on the development of future business. The Bank has established in February 2024 a Compliance Risk Assessment procedure that governs the methodology behind the assessment of identified compliance risks.

## PILLAR III DISCLOSURES REQUIREMENTS

BBE prepares its own Pillar III disclosures, which are published on yearly basis. It is published on the Bank's website.

## OTHER COMMENTS

In accordance with article 56-1 of the law of 5 April 1993 (coordinated version) and following BBE's request, the CSSF has granted its approval to the total exemption of risk limits with its head office Banco Bradesco S.A. as well as all subsidiaries in Brazil and the subsidiaries in New York, USA and Georgetown, Grand Cayman as from December 2010.

On 5 June 2023, the Bank distributed dividends to its shareholders in the total amount of USD 231.6 million, as approved by the Annual General Meeting of Shareholders held on 28 April 2023. After the payment, all the ratios impacted by this dividend payment remained within limits and no regulatory breach was identified. The Bank will maintain sufficient capital to meet all of the regulatory requirements.



On 29 September 2023, the Bank received an Injunction Letter in relation to the corporate governance on-site inspection performed by the CSSF in 2022, identifying a certain number of observations based on the corporate governance requirements and stipulating a deadline for the Bank to adopt the necessary actions to address them. Since then, the Bank has put in place a plan, with the support of an external consultant, to remedy the deficiencies. To date, the Bank has been complying with the plan agreed with the CSSF.

No significant subsequent events have occurred during the period from 31 December 2023 to date. It is worth mentioning that, due to its business model, the Bank does not have direct exposure to Russia, Belarus, Ukraine and Middle Eastern countries.

The Board of Directors of the Bank is not aware of any significant uncertainties which would call into question the principle of going concern and the foreseeable evolution of the Bank. The Bank has a 3-years strategic plan which details its planned strategy, which does not question its going concern.

The Bank will continue to focus on its two main business lines, i.e. Corporate Banking and Private Banking, with an emphasis on growing the customer base, optimization of its IT structure, and investing in our talents.

On the Corporate Banking side, the Bank will focus on a slight increase of the loans portfolio by serving Brazilian companies seeking loans in foreign currency and European multinational companies with tailor-made financing options to assist their needs. In this way, the Bank projects an increase in the net interest margin, due not only to the evolution of the loan portfolio but also to the maintenance of interest rates at high levels, in money market transactions and in the financing from Banco Bradesco Group.

On the Private Banking side, it has already been possible to identify a growth in the customer base and an increase in the commission on Private Banking activities in 2024. The Bank projects a stable growth trajectory for the coming years. In this way, the Bank plans to diversify its product range and intends to start offering new products in 2024. In this way, the Bank projects a strong evolution in revenues from commissions on service provided, with the continuous increase in Assets under Management and in other services offered to Private Banking clients.

On the expense side, despite the inflationary effects still present in global economies, the Bank will adopt strict expense control that should reduce the inflationary impact and maintain a stable level of the general administrative expenses.

## ACKNOWLEDGMENTS

The results presented reinforce our commitment to exceed expectations, focused on our clients and their needs. We thank our shareholders and clients for their constant support and trust, as well as employees and other associates, who work hard and diligently during our journey.

Luxembourg, 27<sup>th</sup> March 2024

# REPORT OF THE REVISEUR D'ENTREPRISES AGREE

## REPORT ON THE AUDIT OF THE ANNUAL ACCOUNTS

### Opinion

We have audited the annual accounts of Banco Bradesco Europa S.A. (the “Bank”), which comprise the balance sheet as at 31 December 2023, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Bank as at 31 December 2023 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

### Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (“Law of 23 July 2016”) and with International Standards on Auditing (“ISAs”) as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier (“CSSF”). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of “réviseur d’entreprises agréé” for the audit of the annual accounts » section of our report. We are also independent of the Bank in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (“IESBA Code”) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of the loans and advances to customers not covered by a stand by letter from the parent company and guarantees given

a) Why the matter was considered to be one of most significance in our audit of the annual accounts for the year ended 31 December 2023

Loans and advances to customers amount to USD 1,123 million as at 31 December 2023. These loans and advances are stated at their acquisition price. The policy of the Bank is to establish specific value adjustments in respect of doubtful debts, as deemed appropriate. These value adjustments are deducted from the asset items to which they relate and shall not be maintained if the reasons for which they were recorded no longer exist.

Loans exposures covered by guarantees from Banco Bradesco group in the form of stand-by letter of credit (SbLC) represent a gross amount of USD 965 million as at 31 December 2023. Loans which are not covered by SbLC may be covered by other types of collaterals and represent a gross amount of USD 158 million as at 31 December 2023.

The off-balance sheet guarantees given by the Bank in the form of SbLC amount to USD 178 million as at 31 December 2023. The risks borne by the Bank for these exposures are similar to the ones for loans and advances to customers.

Certain aspects of the accounting for credit losses require significant judgment of management, such as the identification of exposures that are deteriorating, the assessment of objective evidence for impairment/provision, the value of collateral and the estimation of the recoverable amount.

Due to the significance of the loans and advances to customers and guarantees given and the estimation uncertainty concerning the loans which are not guaranteed by the parent company and guarantees given, we consider the valuation of the exposures not covered by SbLC as a key audit matter.

Please refer to the Bank's accounting policies in note 2.3 and related disclosures in notes 3, 6 and 21 to the annual accounts.

b) How the matter was addressed in our audit

Our audit approach included testing both the effectiveness of internal controls around determining credit losses/provisions as well as substantive audit procedures.

We tested the design, implementation and operating effectiveness of the key controls the Bank implemented to monitor its credit risk exposures and support its impairment/provision calculation:

- Approval and recording of loans and guarantees given,
- Monitoring and follow-up of the exposures (in particular creditworthiness of the counterparties, maturities, list of unpaid transactions and late payment of fees),
- Control over the update of securities prices and variations monitoring,
- General IT Controls over the Core Banking System e-IBS.

For those controls which were not operating effectively, we have adapted our audit approach by increasing our substantive procedures.

For loans which have been identified as not covered by SbLC and not pledged or not sufficiently pledged by securities and guarantees, and guarantees given, we assessed on a sample basis the creditworthiness of the customers based on its credit rating and identified any triggers that may suggest potential problems in the recoverability of the exposure.

The sample was selected on the basis of our professional judgment, with an emphasis on exposures potentially more sensitive to changes in economic conditions.

In case of identified impairment/provision need by the Bank, and for non-performing loans, we inspected the documentation prepared by management to support the need for impairment/provision. Based on the methodologies and policies applied by the Bank, we assessed the measurement of the impairment/provision by testing the valuation of collateral and calculation prepared by the Bank.

Finally, we assessed whether the disclosures in the annual accounts appropriately reflect the Bank's exposure to credit risk.

## OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises the information stated in the management report but does not include the annual accounts and our report of the “réviseur d’entreprises agréé” thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report this fact. We have nothing to report in this regard.

### **Responsibilities of the Board of Directors for the annual accounts**

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Bank’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

### **Responsibilities of the réviseur d’entreprises agréé for the audit of the annual accounts**

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d’entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually

or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSE, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant



deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

We have been appointed as “réviseur d’entreprises agréé” by the Board of Directors on 27 March 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 13 years.

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We confirm that the prohibited non-audit services referred to in the EU Regulation N°537/2014 were not provided and that we remained independent of the Bank in conducting the audit.

Luxembourg, 28 March 2024

**KPMG Audit S.à r.l.**

**Cabinet de révision agréé**

E. Dollé

Partner

## BALANCE SHEET

### DECEMBER 31, 2023

ASSETS	NOTE(S)	31.12.2023 USD	31.12.2022 USD
Cash in hand, balances with central banks and post office banks	(3), (4)	16,955,570	50,410,207
Loans and advances to credit institutions	(3), (11)	185,614,775	261,477,057
a) repayable on demand		145,102,848	148,935,991
b) other loans and advances	(5)	40,511,927	112,541,066
Loans and advances to customers	(3), (6)	1,123,018,008	1,800,684,498
Debt securities and other fixed-income securities	(3), (7), (8)	97,836,449	98,798,948
of which:			
- issued by public bodies		97,836,449	98,798,948
- issued by other borrowers		-	-
Intangible assets	(10)	794,455	1,314,236
Tangible assets	(10)	150,599	430,670
Other assets	(3), (9)	813,617	1,325,327
Prepayments and accrued income		21,501,072	24,992,424
<b>Total assets</b>		<b>1,446,684,545</b>	<b>2,239,433,367</b>

The accompanying notes form an integral part of these annual accounts.

LIABILITIES	NOTE(S)	31.12.2023 USD	31.12.2022 USD
Amounts owed to credit institutions	(3), (19)	490,612,131	1,085,309,088
a) repayable on demand		8,733,345	13,678,143
b) with agreed maturity dates or periods of notice	(13)	481,878,786	1,071,630,945
Amounts owed to customers	(3), (19)	576,802,262	557,161,098
Other debts			
a) repayable on demand		132,477,999	180,272,965
b) with agreed maturity dates or periods of notice	(14)	444,324,263	376,888,133
Other liabilities	(15)	1,329,739	1,447,070
Accruals and deferred income		13,140,317	21,095,573
Provisions		9,827,108	6,075,164
a) provisions for taxation	(28)	6,673,936	3,585,438
b) other provisions	(16)	3,153,172	2,489,726
Subscribed capital	(17)	268,350,000	268,350,000
Reserves	(18)	68,375,000	277,473,789
Profit for the financial year		18,247,988	22,521,585
<b>Total liabilities</b>		<b>1,446,684,545</b>	<b>2,239,433,367</b>

OFF-BALANCE SHEET ITEMS	NOTE(S)	31.12.2023 USD	31.12.2022 USD
Contingent liabilities	(21)	177,834,343	185,144,165
of which:			
- guarantees and assets pledged as collateral security		177,834,343	185,144,165
Commitments	(22)	154,057,388	571,516,808

The accompanying notes form an integral part of these annual accounts.

## PROFIT AND LOSS ACCOUNT

### YEAR ENDED DECEMBER 31, 2023

CHARGES	NOTE(S)	31.12.2023 USD	31.12.2022 USD
Interest payable and similar charges		61,017,605	41,309,629
Commissions payable		1,227,105	1,163,044
Net loss on financial operations		-	-
General administrative expenses	(25), (26)	21,010,006	18,784,957
a) staff costs		11,094,217	10,280,692
of which:			
- wages and salaries		9,987,478	9,100,839
- social security costs		777,740	869,959
of which:			
- social security costs relating to pensions		430,099	406,273
b) other administrative expenses		9,915,789	8,504,265
Value adjustments in respect of intangible and tangible assets		938,625	1,237,987
Other operating charges	(27)	2,238,678	460,367
Value adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments	(6)	11,572,089	186,297
Tax on profit on ordinary activities	(28)	1,540,769	859,942
Profit on ordinary activities after tax		20,995,749	25,063,045
Other taxes not shown under the preceding items	(28)	2,747,761	2,541,460
Profit for the financial year		18,247,988	22,521,585
<b>Total charges</b>		<b>120,540,626</b>	<b>89,065,268</b>

The accompanying notes form an integral part of these annual accounts.

INCOME	NOTE(S)	31.12.2023 USD	31.12.2022 USD
Interest receivable and similar income	(29)	106,141,055	72,607,951
of which:			
- that arising from fixed-income securities		4,903,056	1,553,094
Commissions receivable	(29)	12,088,912	13,774,172
Net profit on financial operations		1,143,636	119,170
Value re-adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments		186,297	1,383,281
Other operating income	(27)	980,726	1,180,694
<b>Total income</b>		<b>120,540,626</b>	<b>89,065,268</b>

The accompanying notes form an integral part of these annual accounts.

# NOTES TO THE ACCOUNTS

## DECEMBER 31, 2023

### 1 - GENERAL

#### 1.1. Corporate matters

Banco Bradesco Luxembourg S.A. was incorporated in Luxembourg as a “société anonyme” on December 17, 1981.

During an extraordinary general meeting held on October 4, 2010, Banco Bradesco Luxembourg S.A. changed its corporate name to Banco Bradesco Europa S.A. (the “Bank”). It was also decided to transfer the corporate address of the Bank to 29, Avenue de la Porte Neuve, L-2227 Luxembourg with effect October 18, 2010. The Bank transferred its corporate address and its premises to 25, rue Edward Steichen, L-2540 Luxembourg as of May 10, 2019.

The business policy and valuation principles, unless prescribed by Luxembourg rules and regulations, are determined and monitored by the Board of Directors.

On March 25, 2015, the Bank opened a Branch (“the Branch”) in the United Kingdom. The legal domicile of the Branch is 25th Floor, Salesforce Tower, 110 Bishopsgate, London, EC2N 4AY. In December 2020, the Bank submitted a letter to notify the Commission de Surveillance du Secteur Financier (“CSSF”) in

Luxembourg and the Prudential Regulation Authority (“PRA”) in the United Kingdom about the decision taken by Banco Bradesco Europa S.A. to terminate the operations of the branch in the United Kingdom. The Bank received the deauthorization confirmation letter from the PRA as of May 11, 2022. After May 31, 2022 there are no remaining employees in the Branch. The Branch is now in the process of deregistration from HM Revenue and Customs and the Company House in the UK.

#### 1.2. Parent undertaking

The Bank is included in the consolidated accounts of Banco Bradesco S.A. The consolidated accounts may be obtained from the registered office of the parent company at Banco Bradesco S.A., Cidade de Deus CEP 06029-900, Osasco, São Paulo, Brazil, or alternatively on its internet site:

[www.bradesco.com.br](http://www.bradesco.com.br).

#### 1.3. Nature of the Bank’s business

The object of the Bank is to undertake all banking and financial operations of whatever kind. The Bank may also undertake directly, by way of participation or by any other means, all commercial, industrial or other operations,

including real estate transactions, which directly or indirectly relate to this objective.

The Bank's major activities are private banking, trade financing, corporate lending and interbank operations.

#### **1.4. Annual accounts**

The Bank prepares its annual accounts in United States Dollars (USD), the currency in which the capital is expressed.

The Bank's accounting year coincides with the calendar year.

## **2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Bank prepares its annual accounts in accordance with the laws and regulations in force in the Grand-Duchy of Luxembourg and the accounting principles chosen are those commonly referred to as LUX GAAP, encompassing the principles set forth in the amended law of June 17, 1992 and the related instructions and circulars of the CSSF. The Bank has not chosen to use the IAS/IFRS accounting standards, nor any of the IFRS options foreseen in the law of March 16, 2006.

The Board of Directors of the Bank is not aware of any significant uncertainties which would call into question the principle of going concern. Despite the uncertainties caused by the conflict between Russia and Ukraine, and the conflicts and tensions that affect

different regions of the Middle East, the Bank remained profitable during the period and the Board of Directors maintain a positive outlook for 2024 and they are confident that the Bank's business model, the absence of direct exposure to areas in conflict, and the continued recovery of activity will continue to have a positive impact on the Bank's business continuity.

The following significant accounting policies are applied and are in accordance with the principle of going concern.

#### **2.1. The date of recording of transactions in the balance sheet**

Assets and liabilities are recognized in the balance sheet according to when the amounts concerned become cleared funds, that is, their date of effective transfer.

#### **2.2. Foreign currencies**

The Bank maintains a multi-currency accounting system, which records all transactions in the currencies of the transaction on the day on which the contract is concluded.

Revenues and expenses in foreign currencies are translated into USD daily at the prevailing exchange rates.

Tangible and intangible assets in foreign currencies, not covered in either the spot or forward markets, are translated into USD at the rate of exchange prevailing at the date of their acquisition. All other assets and liabilities are



converted into USD at the average of the buy and sell spot rates applicable at the balance sheet date. Both realized profits and losses arising on revaluation are accounted for in the profit and loss account for the year.

At year-end, all unsettled forward transactions are translated into USD at the forward rate applicable for the remaining term at the balance sheet date.

Results on open forward transactions linked to spot transactions and on swap transactions are accrued at the balance sheet date. The revaluation of these transactions does not affect the result for the financial year. Differences arising due to the gap between the spot and forward exchange rates are amortised in the profit and loss accounts on a pro rata basis.

### **2.3. Loans and advances**

Loans and advances are stated at their acquisition price. The policy of the Bank is to establish specific value adjustments in respect of doubtful debts, as deemed appropriate.

These value adjustments are deducted from the asset items to which they relate and shall not be maintained if the reasons for which they were recorded no longer exist.

### **2.4. Lump-sum provision for risk exposures**

A general reserve for potential risks on balance sheet and off-balance sheet items is booked. This tax-deductible provision is

deducted from the corresponding assets. The lump-sum provision calculated on off balance sheet items is booked under the item "Provisions: other provisions". During the years ended December 31, 2023 and 2022, there were no additions or reversals in regard of the lump sum provision.

### **2.5. Debt securities and other fixed-income securities**

The Bank has divided its portfolio of fixed-income securities into three categories, whose principal characteristics are the following:

- An investment portfolio of financial fixed assets, which are intended to be used on a continuing basis in the Bank's activities;
- A trading portfolio of securities purchased with the intention of resale in the short term; and
- A structural portfolio of securities, which do not fall within either of the two other categories.

Fixed-income securities are valued as follows:

#### **Investment portfolio**

Fixed-income securities included in the Bank's investment portfolio are stated at purchase price. A value adjustment is made when the market value at the balance sheet date is lower than the purchase price. This

adjustment is made when the Board of Directors considers the depreciation as durable. As of December 31, 2023, and 2022, the Bank did not hold such portfolio.

#### Trading portfolio

Fixed-income securities included in the Bank's trading portfolio are stated at the lower of cost or market value adjusted by the pro rata premium or discount if applicable. The Bank records the value adjustment, corresponding to the negative difference between the market value and the acquisition cost. As of December 31, 2023, and 2022, the Bank did not hold such a portfolio.

#### Structural portfolio

Fixed-income securities included in the Bank's structural portfolio are stated at the lower of cost or market value. Premiums, if any, are amortised pro rata temporis via "Accruals and deferred income". Discounts are not to be amortised. The Bank records the value adjustment, corresponding to the negative difference between the market value and the acquisition cost.

#### **2.6. Tangible and intangible assets**

Tangible and intangible assets are recorded at purchase price.

The value of tangible and intangible assets with limited useful economic lives is reduced

by value adjustments calculated to write off the value of such assets systematically over their maximum expected useful economic lives.

#### **Intangible Assets**

Software 20%

#### **Tangible Assets**

Hardware and other equipment 20%

Premises and furniture 20%

#### **2.7. Payables**

Amounts payable are recorded under liabilities at their settlement value.

#### **2.8. Provisions**

Provisions are established with the intent to cover losses which are certain or likely to be incurred and are clearly defined in nature, but of which, at the balance sheet date, the amount involved or the date on which they will arise are still uncertain.

#### **2.9. Taxes**

Taxes are accounted for on an accrual basis, and not in the year they are paid.

#### **2.10. Taxation – exchange difference**

Under Luxembourg fiscal regulations, the Bank's fiscal balance sheet and results of operations are required to be expressed in Euro. The earnings of the Bank as determined for fiscal purposes can differ substantially from earnings reported for accounting

purposes as a result of unrealized profits or losses on the translation of the Bank's equity into Euro for fiscal purposes.

The Branch taxable income is subject to the fiscal rules in the United Kingdom and is not concerned by the above paragraph.

### **2.11. Derivative Instruments**

The Bank's commitments deriving from derivatives financial instruments are recorded on the transaction date as off-balance sheet items.

No individual valuation is performed in those cases where a financial instrument specifically covers an asset or liability and an economic unity is established and where a financial instrument is hedged by a reverse transaction so that no open position exists.

### **2.12. Loan resale**

The Bank entered in some sale agreements with related parties ("the purchaser") in which the Bank sells to the purchaser a participation in loan transactions originated in the Bank. After selling these loans to the

purchaser, the Bank has no obligation to pay the purchaser, its share of any principal, interest or other amounts under this participation until such time as the Bank receives payment thereof. At such time as the Bank receives any amount in payment of principal or interest or any other amount, to the extent that the purchaser is entitled thereto, the Bank will pay the purchaser said amount in the same type of funds received by the Bank. All the duties relating to the administration and collection of payments from the borrower are located with the Bank.

In order to determine whether these transactions should be derecognized and in absence of any specific rules under LUX GAAP, the Bank applies the derecognition provisions of IFRS 9 (Financial Instruments) where financial assets are derecognized when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and, substantially, all the risks and rewards of ownership of the assets are also transferred.

### 3 - FINANCIAL INSTRUMENTS DISCLOSURES

#### Analysis of financial instruments – Primary non-trading instruments - 2023 (expressed in USD)

INSTRUMENT CLASS (ASSETS)	≤ 3 MONTHS	> 3 MONTHS ≤ 1 YEAR	> 1 YEAR ≤ 5 YEARS	> 5 YEARS	TOTAL
Cash in hand, balances with central banks and post office	16,955,570	-	-	-	16,955,570
Loans and advances to credit institutions	145,102,848	939,266	34,878,112	4,694,549	185,614,775
Loans and advances to customers	618,703,270	327,031,857	177,282,881	-	1,123,018,008
Debt securities and other fixed-income securities	-	97,836,449	-	-	*97,836,449
Other assets	813,617	-	-	-	813,617
Total financial assets	781,575,305	425,807,572	212,160,993	4,694,549	1,424,238,419
Non-financial assets	-	-	-	-	22,446,126
<b>Total assets</b>					<b>1,446,684,545</b>
<b>INSTRUMENT CLASS (LIABILITIES)</b>					
Amounts owed to credit institutions	137,454,214	228,125,599	125,032,318	-	490,612,131
Amounts owed to customers	331,297,292	181,137,985	56,176,985	8,190,000	576,802,262
Total financial liabilities	468,751,506	409,263,584	181,209,303	8,190,000	1,067,414,393
Non-financial liabilities					379,270,152
<b>Total liabilities</b>					<b>1,446,684,545</b>

\* As at December 31, 2023, the fair value of the debt securities and other fixed-income securities amounted to USD 97,903,050.

### 3 - FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

#### Analysis of financial instruments - Primary non-trading instruments - 2022 (expressed in USD)

INSTRUMENT CLASS (ASSETS)	≤ 3 MONTHS	> 3 MONTHS ≤ 1 YEAR	> 1 YEAR ≤ 5 YEARS	> 5 YEARS	TOTAL
Cash in hand, balances with central banks and post office	50,410,207	-	-	-	50,410,207
Loans and advances to credit institutions	253,071,038	6,932,209	1,473,810	-	261,477,057
Loans and advances to customers	753,362,528	718,977,692	328,344,278	-	1,800,684,498
Debt securities and other fixed-income securities	49,703,032	49,095,916	-	-	*98,798,948
Other assets	1,325,327	-	-	-	1,325,327
Total financial assets	1,107,872,132	775,005,817	329,818,088	-	2,212,696,037
Non-financial assets					26,737,330
<b>Total assets</b>					<b>2,239,433,367</b>
<b>INSTRUMENT CLASS (LIABILITIES)</b>					
Amounts owed to credit institutions	224,496,781	512,653,501	348,158,806	-	1,085,309,088
Amounts owed to customers	407,152,670	113,000,450	22,808,978	14,199,000	557,161,098
Total financial liabilities	631,649,451	625,653,951	370,967,784	14,199,000	1,642,470,186
Non-financial liabilities					596,963,181
<b>Total liabilities</b>					<b>2,239,433,367</b>

\* As at December 31, 2022, the fair value of the debt securities and other fixed-income securities amounted to USD 98,823,420.

### 3 - FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

#### Analysis of financial instruments – Derivative non-trading instruments

As at December 31, 2023, the Bank's OTC derivative non-trading instruments consisted of the following transactions:

FOREX Swap (FX):	NOTIONAL AMOUNT	REPAYMENT	EFFECTIVE DATE	MATURITY	FAIR MARKET VALUE IN USD 2023
FX1	EUR 10,000,000	At maturity	12/12/2023	09/02/2024	(289,500)
FX2	CHF 400,000	At maturity	16/08/2023	12/02/2024	(21,464)

As at December 31, 2022, the Bank's OTC derivative non-trading instruments consisted of the following transactions:

FOREX Swap (FX):	NOTIONAL AMOUNT	REPAYMENT	EFFECTIVE DATE	MATURITY	FAIR MARKET VALUE IN USD 2022
FX1	EUR 46,000,000	At maturity	06/10/2022	09/01/2023	(3,523,600)
FX2	CHF 1,300,000	At maturity	18/08/2022	21/02/2023	(47,592)
FX3	CHF 200,000	At maturity	16/09/2022	21/02/2023	(9,529)

These derivatives are used to cover Balance sheet positions. In relation to the outstanding derivatives, the Bank holds a collateral margin account with a third-party credit institution in amount of USD 540 822 as at December 31, 2023 (2022: USD 3,154,983).

#### Credit risk exposure

The credit risk exposure as at December 31, 2023 can be analysed as follows:

FOREX Swap (FX):	MATURITY	NOTIONAL AMOUNT (USD)	WEIGHTING	RISK-EQUIVALENT AMOUNT (USD)
		(1)	(2)	(3) = (1) x (2)
FX 1	09/02/2024	11,050,004	2.00%	221,000
FX 2	12/02/2024	474,692	2.00%	9,494
<b>TOTAL</b>				<b>230,494</b>

### 3 - FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

#### Credit risk exposure (continued)

The credit risk exposure as at December 31, 2022 can be analyzed as follows:

FOREX Swap (FX):	MATURITY	NOTIONAL AMOUNT (USD)	WEIGHTING	RISK-EQUIVALENT AMOUNT (USD)
		(1)	(2)	(3) = (1) x (2)
FX 1	09/01/2023	49,063,578	2.00%	981,272
FX 2	21/02/2023	1,407,078	2.00%	28,142
FX 3	21/02/2023	216,473	2.00%	4,329
<b>TOTAL</b>				<b>1,013,743</b>

PRIMARY NON-TRADING INSTRUMENTS	TOTAL REPLACEMENT COST (USD)	OF WHICH SECURED (USD)	NET RISK EXPOSURE (USD)
Cash in hand, balances with central banks and post office banks	16,955,570	-	16,955,570
Loans and advances to credit institutions	185,614,775	-	185,614,775
Loans and advances to customers	1,123,018,008	(975,750,086)	147,267,922
Debt securities and other fixed-income securities	97,836,449	-	97,836,449
Other assets	813,617	-	813,617
<b>TOTAL</b>	<b>1,424,238,419</b>	<b>(975,750,086)</b>	<b>448,488,333</b>

The credit risk exposure as at December 31, 2022 can be analysed as follows:

PRIMARY NON-TRADING INSTRUMENTS	TOTAL REPLACEMENT COST (USD)	OF WHICH SECURED (USD)	NET RISK EXPOSURE (USD)
Cash in hand, balances with central banks and post office banks	50,410,207	-	50,410,207
Loans and advances to credit institutions	261,477,057	-	261,477,057
Loans and advances to customers	1,800,684,498	(1,555,540,788)	245,143,710
Debt securities and other fixed-income securities	98,798,948	-	98,798,948
Other assets	1,325,327	-	1,325,327
<b>TOTAL</b>	<b>2,212,696,037</b>	<b>(1,555,540,788)</b>	<b>657,155,249</b>



### 3 - FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

Total financial assets (excluding Other assets) and off-balance sheet economic sector credit risk concentrations are presented in the table below:

	2023		2022	
	USD	%	USD	%
Other banks	202,570,347	11.54	311,887,264	10.51
Corporate customers	1,450,293,950	82.63	2,551,024,359	85.95
Government	97,836,449	5.57	98,798,948	3.33
Private banking customer	4,615,788	0.26	6,321,113	0.21
<b>TOTAL</b>	<b>1,755,316,534</b>	<b>100.00</b>	<b>2,968,031,684</b>	<b>100.00</b>

The split between activities remained comparable from one year to other one.

Total geographic sector risk concentrations, both on and off-balance sheet, are presented in the table below:

	2023		2022	
	USD	%	USD	%
Luxembourg	19,366,944	1.12	52,455,829	1.77
Zone A	856,989,583	48.81	1,316,480,116	44.36
Zone B	878,960,007	50.07	1,599,095,739	53.87
<b>TOTAL</b>	<b>1,755,316,534</b>	<b>100.00</b>	<b>2,968,031,684</b>	<b>100.00</b>

Geographic risk for Zone B includes USD 824,658,236 of Brazilian risk (2022: USD 1,475,880,504). From that amount, USD 152,065,798 relates to trade finance transactions (2022: USD 378,594,449).

### 4 - CASH IN HAND, BALANCES WITH CENTRAL BANKS AND POST OFFICE BANKS

In accordance with the requirements of the European Central Bank, the Central Bank of Luxembourg implemented, effective January 1, 1999, a system of mandatory minimum reserves which applies to all Luxembourg credit institutions. The balance of USD 16,955,570 at year end is made up of the current account with Central Bank for USD 16,904,018 (out of which mandatory minimum reserves of USD 8,885,158) and cash in hand for USD 51,552.

## 5 - LOANS AND ADVANCES TO CREDIT INSTITUTIONS

Loans and advances to credit institutions other than those repayable on demand may be analysed according to their remaining maturity as follows:

	2023 (USD)	2022 (USD)
Not more than three months	-	104,135,047
More than three months but not more than one year	939,266	6,932,209
More than one year but not more than five years	34,878,112	1,473,810
More than five years	4,694,549	-
	<b>40,511,927</b>	<b>112,541,066</b>

## 6 - LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers may be analysed according to their remaining maturity as follows:

	2023 (USD)	2022 (USD)
Not more than three months	618,703,270	753,362,528
More than three months but not more than one year	327,031,857	718,977,692
More than one year but not more than five years	177,282,881	328,344,278
More than five years	-	-
	<b>1,123,018,008</b>	<b>1,800,684,498</b>

Loans and advances to customers may be analysed in considering the following deductions:

	2023 (USD)	2022 (USD)
Gross amount granted to Customers	1,124,561,231	1,802,088,981
Doubtful provision	(237,067)	(174,488)
Lump sum provision	(1,306,156)	(1,229,995)
	<b>1,123,018,008</b>	<b>1,800,684,498</b>

One non-performing corporate loan was sold during the financial year 2023 at a loss of USD 11.3 million, recorded in the account 'Value adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments'.

## 7 - TRANSFERABLE SECURITIES

Transferable securities shown under “Debt securities and other fixed-income securities” amount to USD 97,836,449 (2022: USD 98,798,948). These transferable securities are quoted on a recognized market. They are considered by the Bank as Structural Portfolio and valued at lower of cost or market value. The market value of the securities as at December 31, 2023 amounted to USD 97,903,050 (2022: USD 98,823,420).

## 8 - DEBT SECURITIES AND OTHER FIXED-INCOME SECURITIES

Transferable securities shown under “Debt securities and other fixed-income securities” may be analysed according to their remaining maturity as follows:

	2023 USD	2022 USD
Not more than three months	-	49,703,032
More than three months but not more than one year	97,836,449	49,095,916
	<b>97,836,449</b>	<b>98,798,948</b>

## 9 - OTHER ASSETS

These items are detailed as follows:

	2023 USD	2022 USD
VAT receivables	255,821	162,330
Financial revenues	390,000	415,000
London branch deposit for rent	-	257,323
Intercompany agreements receivables	-	83,113
Other receivables	167,796	407,561
	<b>813,617</b>	<b>1,325,327</b>

## 10 - MOVEMENTS IN TANGIBLE AND INTANGIBLE ASSETS

Movements in the Bank's tangible and intangible assets in the course of the financial year are shown as follows:

(Expressed in USD)

INTANGIBLE ASSETS ITEMS	GROSS VALUE AT THE BEGINNING OF THE YEAR	ADDITIONS	DISPOSALS	GROSS VALUE AT THE END OF THE FINANCIAL YEAR	CUMULATIVE VALUE ADJUSTMENTS AT THE END OF THE FINANCIAL YEAR	NET VALUE AT THE END OF THE FINANCIAL YEAR
Total intangible assets	13,698,991	114,630	-	13,813,621	(13,019,166)	794,455
of which:						
a) Software	13,698,991	114,630	-	13,813,621	(13,019,166)	794,455
TANGIBLE ASSETS ITEMS						
Total tangible assets	7,145,513	24,144	-	7,169,657	(7,019,058)	150,599
of which:						
a) Plant, hardware and other equipment	3,271,628	24,144	-	3,295,772	(3,210,493)	85,279
b) Premises and furnitures	3,873,885	-	-	3,873,885	(3,808,565)	65,320

## 11 - RELATED PARTY BALANCES - ASSETS

The following balances with affiliated undertakings are included in Assets:

	2023 USD	2022 USD
Loans and advances to credit institutions	155,152,562	236,560,137
Other Assets	-	83,113
Prepayments and accrued income	711,014	587,319
	155,863,576	237,230,569

Loans and advances to credit institutions consist of current accounts and loans held with the Banco Bradesco Group. Accrued interest receivable amounting to USD 711,014 (2022: USD 587,319) is presented under Prepayments and accrued income.

## 12 - FOREIGN CURRENCY ASSETS

As at December 31, 2023 the aggregate amount of the Bank's assets denominated in foreign currencies, translated into USD, is USD 107,181,006 (2022: USD 158,709,070).

## 13 - AMOUNTS OWED TO CREDIT INSTITUTIONS WITH AGREED MATURITY DATES OR PERIODS OF NOTICE

Amounts owed to credit institutions with agreed maturity dates or periods of notice may be analysed according to their remaining maturity as follows:

	2023 USD	2022 USD
Not more than three months	128,720,869	210,818,638
More than three months but not more than one year	228,125,599	512,653,501
More than one year but not more than five years	125,032,318	348,158,806
More than five years	-	-
	481,878,786	1,071,630,945

## 14 - AMOUNTS OWED TO CUSTOMERS

Amounts owed to customers with agreed maturity dates or periods of notice may be analysed according to their remaining maturity as follows:

	2023 USD	2022 USD
Not more than three months	198,819,293	226,879,705
More than three months but not more than one year	181,137,985	113,000,450
More than one year but not more than five years	56,176,985	22,808,978
More than five years	8,190,000	14,199,000
	<b>444,324,263</b>	<b>376,888,133</b>

## 15 - OTHER LIABILITIES

These items are detailed as follows:

	2023 USD	2022 USD
Preferential creditors	184,868	369,212
Sundry creditors	1,144,871	1,077,858
	<b>1,329,739</b>	<b>1,447,070</b>

## 16 - OTHER PROVISIONS

These items are detailed as follows:

	2023 USD	2022 USD
Provisions for litigations	970,477	-
Provisions for London Branch closure (*)	17,190	468,755
Other provisions	2,165,505	2,020,971
	<b>3,153,172</b>	<b>2,489,726</b>

\*On December 24, 2020, the Bank submitted a letter to notify the CSSF about the decision taken by Banco Bradesco Europa S.A. to terminate the operations of the Bank's branch in the United Kingdom. Following this decision, the Bank recorded a contingency provision for the closure of the branch in accordance with the relevant accounting standards. As of May 2022, there are no employees left in the Branch, with the unwinding process still ongoing.

The other provisions are mainly composed of lump-sum provision for off balance sheet items in amount of USD 591,515 (2022: USD 714,992) and provisions for general expenses and staff bonuses. On December 11, 2023, the Bank decided to make a provision to cover potential litigation costs in relation to the dismissal of certain employees. This contingency provision has been recorded based on the prescriptions of the Employment and Labour Law and in accordance with the legal opinion received from our external legal counsellor.

## 17 - SUBSCRIBED CAPITAL

Following the extraordinary meeting of January 17, 2011, it has been decided to increase the share capital from USD 68,350,000 to USD 138,350,000 by incorporation of USD 70,000,000 from free reserves. It has also been decided to increase the share capital by USD 130,000,000 from USD 138,350,000 to USD 268,350,000 by the issuance of 1,785 new shares without nominal value.

As at December 31, 2023, the Bank's authorized, subscribed and paid-up capital amounts to USD 268,350,000 (2022: USD 268,350,000), which is solely comprised of ordinary share capital, represented by 3,685 shares without nominal value (share's par value USD 72,822.25).

## 18 - RESERVES

Reserves include:

### 18.1. Legal reserve

Under Luxembourg law, the Bank appropriated to a legal reserve an amount equivalent to at least 5% of the annual net profit until such reserve is equal to 10% of the share capital. Distribution of the legal reserve is restricted. No further allocation was made to the legal reserve during 2023.

### 18.2. Free reserves

The free reserve represents profits of prior years that have been appropriated by the Annual General Meeting of shareholders to a specific reserve referred to as "free reserves". The Annual General Meeting may approve the distribution of these reserves. During the Annual General Meeting of Shareholders held on April 28, 2023, the shareholders approved the distribution as dividends of the balance of free reserves in amount of USD 231,620,374.

### 18.3. Net Wealth Tax reserve

In accordance with the tax law in force since January 1, 2002, the Bank reduces its Net Wealth Tax ("NWT") burden by crediting it on the amount of the Corporate Income Tax ("CIT"). In order to comply with the tax law, the Bank allocated under non-distributable reserves (item "Net Wealth Tax reserve") an amount that corresponds to five times the amount of the reduction of the Net Wealth Tax for the years 2019, 2020 and 2021. This reserve is non-distributable for a period of five years from the year following the one during which the Net Wealth Tax was reduced.

During the General Meeting of Shareholders held on April 28, 2023, it has been decided to release the 2017, 2018 reserves for an amount of USD 26,890,000. No endowment has been made in 2023 in relation to the financial year 2022.

NET WEALTH TAX RESERVE	2023 USD	2022 USD
2017	-	14,200,000
2018	-	12,690,000
2019	12,720,000	12,720,000
2020	14,610,000	14,610,000
2021	14,210,000	14,210,000
	41,540,000	68,430,000

#### 18.4. Changes in shareholder's equity

The movements on shareholder's equity of the Bank are summarized below:

	SUBSCRIBED CAPITAL	LEGAL RESERVE USD	FREE RESERVES USD	NET WEALTH TAX RESERVE USD	PROFIT USD	TOTAL USD
Balance at January 1, 2023	268,350,000	26,835,000	182,208,789	68,430,000	22,521,585	568,345,374
Appropriation of prior year profit	-	-	22,521,585	-	(22,521,585)	-
Transfer between free reserves and net wealth tax reserve	-	-	26,890,000	(26,890,000)	-	-
Dividend payment	-	-	(231,620,374)	-	-	(231,620,374)
Profit for the year ended December 31, 2023	-	-	-	-	18,247,988	18,247,988
Balance at December 31, 2023	268,350,000	26,835,000	-	41,540,000	18,247,988	354,972,988

### 19 - RELATED PARTY BALANCES - LIABILITIES

As at December 31, 2023, the following balances with affiliated undertakings are included in Liabilities:

	2023 USD	2022 USD
Amounts owed to credit institutions	490,612,131	1,075,309,088
Amounts owed to customers	5,989,324	2,810,202
Accruals and deferred income	3,746,671	12,696,137
	500,348,126	1,090,815,427



## 20 - FOREIGN CURRENCY LIABILITIES

As at December 31, 2023, the aggregate amounts of the Bank's liabilities denominated in foreign currencies, translated into USD, is USD 107,285,303 (2022: USD 158,781,403).

## 21 - CONTINGENT LIABILITIES

	2023 USD	2022 USD
Guarantees and other direct substitutes for credit	177,834,343	185,144,165

The contingent liabilities are mainly represented by letters of credit issued for several corporate and private banking clients in total amount of USD 177,779,325 (2022: USD 185,083,700).

## 22 - COMMITMENTS

	2023 USD	2022 USD
Confirmed credits, not used	154,057,388	571,516,808

Confirmed credits not used as at December 31, 2023 consist in the unused balance of facilities the Bank entered giving its commitment to fund up to USD 154,057,388 (2022: USD 571,516,808).

As at December 31, 2023, the Bank had disbursed USD 0 (2022: USD 1,201,091) under those committed credit facilities.

The Bank has entered into certain commitments which are not disclosed either in the balance sheet or in the off-balance sheet, but which are relevant for the purposes of assessing the financial situation of the Bank.

The Bank has commitments under operating lease contracts for office space used by it in the normal course of business. Since 2019 the Bank has signed a rent agreement until December 31, 2027 for its office premises in Luxembourg. To secure the rent payments, the landlord asked for a lease guarantee. The lease guarantee was obtained by the Bank through a cash deposit with a local credit institution. This deposit is pledged for the whole period of the rent contract, for a total amount of USD 431,051 (2022: USD 416,071).

## 22 - COMMITMENTS (CONTINUED)

Total future lease payments under its current non-cancellable rental agreements, translated to USD at the year-end exchange rate, can be analysed as follows:

	2023 USD	2022 USD
Not more than one year	1,190,982	1,107,289
More than one year but not more than five years	3,572,946	4,429,156
More than five years	-	-
	4,763,928	5,536,445

## 23 - OPERATIONS LINKED TO CURRENCY EXCHANGE RATES

As at December 31, 2023, the Bank had registered two foreign exchange swap agreements in EUR and CHF for a nominal amount of USD 11,050,004 and USD 474,692 respectively.

As at December 31, 2022, the Bank had registered three foreign exchange swap agreements in EUR and CHF for a nominal amount of USD 49,063,578 and USD 1,190,605 respectively

## 24 - INVESTMENT MANAGEMENT SERVICES AND UNDERWRITING FUNCTIONS

Management services provided by the Bank consist mainly in custody and administration of transferable securities, advice on asset management and portfolio management on a non-discretionary basis for its private banking customers, fiduciary representation and agency functions.

## 25 - STAFF NUMBERS

The average number of persons employed during the financial year by the Bank is as follows:

	2023 NUMBER	2022 NUMBER
Management	2	2.42
Middle management	20.17	21.25
Employees	36.81	34.75
	58.98	58.42

The total number of employees at year end 2023 and 2022 is as follows:

	2023 NUMBER	2022 NUMBER
Senior management	2	2
Middle management	21	20
Employees	40	33
	63	55

## 26 - MANAGEMENT REMUNERATION

The Bank has recorded emoluments for the financial year to members of senior management in respect of their responsibilities, but it has not entered into commitments in respect of extra-legal retirement pensions:

	2023 USD	2022 USD
Senior management	1,583,889	2,141,264

No loans or advances to or on behalf of Senior Management or members of the Board of Directors have been granted by the Bank. As at December 31, 2023, and 2022 apart from outstanding guarantees for the rent of residential properties issued on behalf of members of the Senior Management and employees amounting to USD 55,017 (2022: USD 60,465), no other commitments are granted to Management or members of the Board of Directors.

## 27 - OTHER OPERATING CHARGES AND OTHER OPERATING INCOME

Other operating charges are detailed as follows:

	2023 USD	2022 USD
Legal contingencies	961,923	-
Expenses related to prior year	588,870	-
Intercompany agreement recharge	676,359	317,759
Other	11,526	142,608
	<b>2,238,678</b>	<b>460,367</b>

Other operating income are detailed as follows:

	2023 USD	2022 USD
AGDL Reimbursement	-	6,353
Tax enrolment	4,399	24,989
Release of provision	27,340	285,611
Rebilling intergroup entities not consolidated	190,683	371,857
VAT refund	242,426	192,427
Other	515,878	299,457
	<b>980,726</b>	<b>1,180,694</b>

This caption is mainly made up of VAT refunds, rebilling costs associated with office space in London to an affiliated undertaking and income related to prior period.

## 28 - TAXES

In 2023, the Bank has recorded tax expense amounting to USD 4,288,530 (2022: USD 3,401,402).

The Bank is liable for taxes on income, capital and net assets.

In relation with the Fiscal Convention between Brazil and the Grand Duchy of Luxembourg, the Bank has the opportunity to decrease its tax to pay in using the fiscal deductions provided by this agreement.

In 2023 the Other taxes refer to the Net Wealth Tax due by the Bank for the year, after available deductions.

The Bank belongs to a Brazilian group. As of today, Brazil has signed the OECD agreement on Pillar Two, no official announcement has been made about the implementation of these rules into Brazilian law. It is expected that the Pillar Two legislation will be enacted in Brazil in the course of 2024 - 2025.

Pillar Two legislation was enacted in Luxembourg, the jurisdiction in which the Bank is incorporated, which has come into effect for fiscal years starting on or after December 31, 2023. Since the Pillar Two legislation was not effective at the closing date of the financial year, the Bank has no related current tax exposure.

Due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the enacted legislation cannot yet be reasonably estimated. The Bank is currently engaged with tax specialists to confirm the modalities of the application of the legislation.

The management of the Bank recognizes based on the last filed tax return that the Bank has EUR 211,684 of carried forward investment tax credits available as at December 31, 2022 and estimates EUR 1,748 of additional investment tax credits for the current period (FY2023). This could lead to a potential deferred tax asset of EUR 213,432 (being the amount of tax credits). Those amounts can be carried forward for the ten years following the tax year in which the investment tax credits arose.

## 29 - ANALYSIS OF INCOME

### Geographical

The Bank's income is derived mainly from transactions with Brazilian counterparties.

The main income comes from the interest received on loans and commissions linked to some loans, trading of securities, advisory services and safekeeping of assets.

### Sectorial

For the year 2023 the operational breakdown of the net revenue consists in 78% relating to Corporate Banking and Trade Finance activity, 12% to Private Banking activity and 10% related to financial instruments.

### Return on assets ("ROA")

The Bank return on assets is as follow:

	2023 USD	2022 USD
Total Assets	1,446,684,545	2,239,433,367
Net profit for the financial year	18,247,988	22,521,585
Return on assets	1.26%	1.01%

## 30 - LOAN RESALE

As of December 31, 2023, the outstanding balance of loans and credit lines sold to affiliated undertakings amounts to USD 87,572,368 (2022: USD 59,863,964).

## 31 - DEPOSIT GUARANTEE SCHEME

The law related to the resolution, reorganisation and winding-up measures of credit institutions and certain investment firms and on deposit guarantee and investor compensation schemes ("the Law"), transposing into Luxembourgish law the directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms and the directive 2014/49/EU related to deposit guarantee and investor compensation schemes, was passed on December 18, 2015.

The deposit guarantee and investor compensation scheme through the "Association pour la Garantie des Dépôts Luxembourg" (AGDL) was replaced by a new contribution-based system of deposit guarantee and investor

compensation scheme. This new system covers eligible deposits of each depositor up to an amount of EUR 100,000 and investments up to an amount of EUR 20,000. The Law also provides that deposits resulting from specific transactions or fulfilling a specific social or other purpose are covered for an amount above EUR 100,000 for a period of 12 months.

The funded amount of the “Fonds de résolution Luxembourg” (FRL) shall reach by the end of 2024 at least 1% of covered deposits, as defined in article 1 number 36 of the Law, of all authorized credit institutions in all participating Member States. This amount is collected from the credit institutions through annual contributions during the years 2015 to 2024.

The target level of funding of the “Fonds de Garantie des Dépôts Luxembourg” (FGDL) is set at 0.8% of covered deposits, as defined in article 163 number 8 of the Law, of the relevant credit institutions and was to be reached by the end of 2018 through annual contributions. The contributions were to be made in the form of annual payments during the years 2016 to 2018.

When the level of 0.8% is reached, the Luxembourgish credit institutions are to continue to contribute for 8 additional years in order to constitute an additional safety buffer of 0.8% of covered deposits as defined in article 163 number 8 of the Law.

The law of December 23, 2016 on the tax reform 2017 has introduced a tax neutral reversal of the existing AGDL provisions in successive annual tranches from 2016 to 2026, under the condition that each annual tranche is at least equal to the contributions to the FGDL and FRL for that fiscal year. Any remaining balance of the AGDL provision not yet reversed at the end of this transitional period will have to be reversed and added to the taxable income of the year 2026.

On January 18, 2017, CSSF issued a circular letter relating to the abrogation of the AGDL and to the consequent accounting treatment of the AGDL reversal to enable the banks to follow from an accounting point view the tax treatment foreseen in the law of December 23, 2016.

During 2023, the Bank recorded a 2023 contribution of USD 46,824 and USD 1,339,941 to the FGDL and FRL respectively in the other administrative expenses (2022: USD 61,105 and USD 470,237). As from December 31, 2017, there is no remaining balance of AGDL provision.

### 32 - FEES OF THE INDEPENDENT AUDITORS

In 2023, KPMG Audit S.à r.l. has been appointed to act as external auditors for the purpose of the statutory audit of the annual accounts of the Bank.

The amounts invoiced or accrued for services provided by KPMG Audit S.à r.l. and other firms of KPMG network to the Bank were as follows (excluding VAT):

	2023 USD	2022 USD
Audit fees	254,791	265,184
Audit-related fees / Other assurance services	197,746	76,155
Non audit fees	10,144	-
	462,681	341,399

### 33 - SUBSEQUENT EVENT

The Bank is not aware of any adjusting or non-adjusting event that would have occurred between December 31, 2023, and the date when the present annual accounts were authorized for submission by the Board of Directors to the Annual General Meeting of Shareholders.



## ADDRESS AND CONTACT

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